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SUBJECT: CONSUL GENERAL'S INTRODUCTORY MEETING WITH HONG KONG  
SECRETARY OF FOOD AND HEALTH

REF: HONG KONG 2208

¶1. (U) Summary: Secretary for Food and Health York Chow discussed with the Consul General restrictions on U.S. beef, the threat to U.S. exports of packaged foods posed by Hong Kong's new nutritional labeling law, and shared food safety concerns regarding imports from the Mainland, during an introductory call December 4. Avian Influenza and Hong Kong's health care challenges were also discussed (reftel). The Consul General noted that Hong Kong continues to allow only boneless beef under 30 months for import, despite the unanimous finding by the World Organization for Animal Health that all U.S. beef products certified for export may be safely traded. In response, Secretary Chow repeated Hong Kong's position that it would be willing to promptly open the market to bone-in rib cuts following some plant inspections, but that it wanted to see a feed ban and animal ID system similar to Canada's before fully opening the market to U.S. beef. Secretary Chow defended the government's actions on nutrition labeling. Responding to the CG, Secretary Chow said he thought it would be very difficult to formally amend the law in Hong Kong's Legislative Council at this stage. The two also discussed the shared challenge of ensuring the safety of food products from Mainland China. End Summary.

¶2. (U) Consul General Donovan held an introductory meeting with Secretary for Food and Health York Chow on December 4. Secretary Chow holds the portfolio for most matters relating to human health, including Hong Kong's health care system, drug and food safety regulations and inspection. The powerful Food and Health Bureau retains most of the combined regulatory authorities of USDA, FDA, and HHS.

¶3. (U) Secretary Chow, a medical doctor who was the Chief Executive of two different public hospitals before his appointment in 2004, focused on Hong Kong's health care challenges and accomplishments (reftel). This included Hong Kong's swift reaction to the discovery

of melamine in Chinese infant formula, and its leading role in establishing a tolerance level which many countries have embraced.

#### Chow Reiterates HKG Position on Beef

14. (U) On agricultural import issues, the Consul General raised Hong Kong's trade impediments to U.S. beef and to U.S. packaged food products. The Consul General noted that, despite the unanimous finding by the World Organization for Animal Health that all U.S. beef products certified for export may be safely traded, Hong Kong continues to allow in only boneless beef under 30 months, and only from certified U.S. processing facilities operating under some of the world's most stringent conditions. In 2003, prior to the discovery of BSE in the U.S., American beef comprised roughly 45% of the market and achieved sales exceeding US \$80 million. Despite significant recovery since Hong Kong opened the market to boneless beef in 2005, U.S. beef exports to Hong Kong are projected at just over \$30 million, with a 14% market share.

15. (U) Secretary Chow responded as in past meetings with U.S. officials, stating Hong Kong would like to open the market, but must take a phased approach as they do with all other countries. He noted Hong Kong would be willing to promptly open the market to bone-in rib cuts following some plant inspections, but that they wanted to see a feed ban and animal ID system similar to Canada's before fully opening the market to U.S. beef. Consulate officers responded that Hong Kong's lack of technical justification for the time periods combined with its unwillingness to set specific time frames for each phase made this a difficult position for the U.S. to accept. We also noted the U.S. was in the process of implementing a feed ban, and that the traceability system for U.S. beef shipped to

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Hong Kong was equivalent to Canada's. Secretary Chow said he looked forward to the resolution of this issue.

#### Legislative Amendments on Nutritional Labeling Unlikely

16. (U) Turning to nutritional labeling, CG Donovan expressed concern that HK's nutritional labeling law passed in May 2008 will constrain imports of U.S. packaged food products in general, and especially those healthier products that carry nutritional claims. Hong Kong is the seventh largest and third fastest growing market for U.S. packaged foods and beverages. Secretary Chow defended the government's actions, noting it had consulted extensively with interested consulates and the trade, and had made significant changes to the original proposal as a result. He cited specifically the addition of a "small volumes exemption," (SVE) and noted that the two-year grace period before the legislation takes effect should give the trade adequate time to bring the products into compliance.

17. (U) CG Donovan thanked Secretary Chow for the flexibilities that had been introduced, and for his last minute effort, albeit unsuccessful, to include foods making nutritional claims as part of the SVE. The CG reported that the trade has said the significant financial and administrative costs of complying with the regulation will be borne by consumers. He said he had heard retailers were planning to blacken out nutritional claims, and that this could result in consumers paying more for less information. In response to the CG's question on whether the government was considering submitting any other amendments on the law, Secretary Chow said he thought it would be very difficult to formally amend the law in Legco at this stage, and that any changes would have to be administrative.

18. (U) The CG and Secretary Chow also discussed the shared challenge and concern of ensuring the safety of food products from the Mainland. Secretary Chow noted the widely held view that the Central Government had the will to resolve any problems, but that "some difficulties" remained with enforcement at the provincial level. Secretary Chow spoke of the close cooperation his office had with Beijing, as exemplified by a food safety "hot line" and memorandum of understanding. The CG identified the added difficulty of Beijing administering a more rigorous set of food safety standards for exported products versus those meant for domestic

consumption.

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